

10/03/17



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Ms Malebo Mabitje-Thompson

DDG: Industrial Development Incentive

Administration Division

Department of Trade and Industry

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Dear Malebo

RE: NAACAM FEEDBACK ON STATUS OF AIS CLAIMS AFFECTED BY NON-COMPLIANCE

Further to our various discussions on the situation of AIS claims being forfeited with Treasury allocated funds likely to be lost, please consider the contents of this letter.

Consultation with Ms Theron of the AIS unit highlights that as of end February there were 28 Claims on hand being held up for either non-compliance or expired BBBEE certificates. These are spread across eighteen different entities with a total estimated claim value of R49.2 million. It is unclear whether all of these are NAACAM members however we do believe a fair number of them are, and the requests below will be of benefit to the entire subsector.

The timelines encapsulated in letter from DG October (dated 23/8/17) around a leniency for such companies to, amongst others, provide a concrete plan on how they would get to compliance by 31 March was practically ambitious for several reasons including many companies not having engaged in significant preparatory work, and the onset of the December shutdown period before when they would have had to be measured.

Between the period of September 2016 and now NAACAM has refocussed its transformation strategy towards a range of compliance enhancing activities for members. This includes delivering and recording priority element best practice workshops in each of the major manufacturing regions, the development of a proposed model for ownership points achieving (to be rolled out in April 2017), and a black supplier development programme through ASCCI, a joint industry funded mechanism for supply chain growth and competitiveness improvement.

President: D Coffey
Executive Director: Renai Moothlal

It is requested that affected component companies are allowed a further 6 month period (April – Sep 17) in which to reach compliance without any claims being forfeited. This is as many companies may not have had a reasonable amount of time to map out and implement their transformation strategies in time for current financial year as many are tracked until a December 31 year end as measured entities.

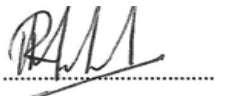
Payment of such claims can be submission of compliance certificate a opposed to plans, given that a period of extension is now effectively being applied and this should only to apply to claims due and held up, ie no new applications. The dti should directly enter into a simple but formal agreement of such with affected companies to ensure there are no misunderstandings.

If the leniency arrangement is extended to September 2017, there should have been sufficient time for the affected companies to have engaged with the NAACAM programme of action as well as implement any transformation plans that they individually could have developed since late last year when it became apparent that there was no turning back on the need to achieve compliance.

As an alternate option the dti may also give consideration to the application contract protocol being changed: Where a current claim could be forfeited as the company is non-compliant, but future claims can still be honoured if the company has hit requisite compliance levels by the time next claim payment is due. At present, a missed claim results in full application being terminated.

Please contact me if you would like to discuss any of the above further, and your favourable consideration will be appreciated.

Yours sincerely

A handwritten signature in black ink, appearing to read 'RML', is positioned above a horizontal dotted line. The signature is enclosed within a thin black rectangular border.

Renai Moothilal
Executive Director